

[1st August 2001]

RAJYA SABHA

(d) what benefits would accrue to Government by take-over of Dabhol Power Project?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA): (a) No, Sir.

(b) Does not arise.

(c) No, Sir.

(d) Does not arise.

**Counter guarantees by Centre for Phase-II of Dabhol Power Project**

1139. SHRI PREM CHAND GUPTA: Will the Minister of POWER be pleased to state:

(a) whether it is a fact that the Central Electricity Authority had advised the MSEB that it should not proceed with the 1400 MW, Phase-II of the Dabhol Power Project before making sure that there was a demand for so much power;

(b) whether the Centre has given no counter guarantees for the Phase-II of this project; and

(c) if so, what are Government's views on this?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA): (a) The concurrence given by the Central Electricity Authority (CEA) to the Dabhol Power Project, stipulated, *inter-alia*, that Phase-II of the project could be taken up only after MSEB/Government of Maharashtra ensured absorption of the entire power including the off-peak power in or outside Maharashtra.

(b) and (c) The Government of India (GoI) has given counter guarantee only to Phase-I (740 MW) of the Dabhol Power Project.

#### **Winding up of Enron**

†1140. SHRI RAMA SHANKER KAUSHIK: Will the Minister of POWER be pleased to state:

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† Original notice of the question was received in Hindi.

(a) whether Enron company have issued notice to Government in regard to winding up of their business;

(b) if so, when Government received this notice and what is Government's reply thereto; and

(c) the losses likely to be suffered by Government in the case Enron company winds up their business and who will be responsible for the loss?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA): (a) and (b) No such notice from Enron have been received by the Government of India. However, Dabhol Power Company (DPC), which is promoted by Enron, has issued two preliminary termination notices to the Maharashtra State Electricity Board (MSEB) on 19th May, 2001 under the provisions of the Power Purchase Agreement (PPA) signed between the two parties. As per the PPA, a cooling off period (Suspension Period) of upto 6 months has been prescribed during which the parties will consult on the steps to be taken with a view to mitigating the consequences of the relevant events having regard to all the circumstances.

The MSEB have filed a petition with the Maharashtra Electricity Regulatory Commission (MERC) seeking relief in regard to all disputes of non-payment of monthly bills, escrow, availability rebate and avoidance of the contract on account of alleged misrepresentation by DPC. MSEB, *vide* their letter dated 23.5.2001 to DPC have rescinded the PPA due to alleged misrepresentations by DPC in respect of capacity and capability of the Dabhol power station. Meanwhile, a Negotiation Committee has also been set up by the Government of Maharashtra to carry out discussions with DPC with a view to reducing the tariff as well as sale of power of the Dabhol power project.

(c) The Government of India (GOI) counter guarantee to the Dabhol Project covers some capacity and energy payments as well as some termination payments. The capacity and energy payments are on an annual basis and were capped for the year 1995-96 at Rs. 1500

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crores which would increase annually in a manner specified in the counter guarantee. The termination payment is a one time payment which falls due in the event of termination of the PPA and is capped at debt servicing obligations relating to outstanding foreign debt not exceeding US\$ 300 million. A Tripartite Agreement signed between the Ministry of Finance (MOF), GOM and the RBI enables GOI to recover from GOM any payments made by the GOI to DPC under the GOI counter guarantee.

**Study on the seismological susceptibility and stability of Tehri Dam**

1141. SHRI C.M. IBRAHIM: Will the Minister of POWER be pleased to state:

(a) whether following the earthquake which hit Bhuj, Kutch, Ahmedabad and other parts of Gujarat on 26th January, any study about seismological susceptibility and stability of Tehri Dam has been carried out, if so, with what results; and

(b) what modifications, if any, are proposed to be carried out in the original dam project in the light thereof?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA): (a) and (b) The Government had considered in depth the seismic safety of the Tehri Dam and the detailed seismology studies carried out by Geological Survey of India, Department of Earthquake Engineering of Roorkee University, and the Russian experts who were assisted by National Geo-physical Research Institute and Wadia Institute of Himalayan Geology, for determining safe height of Tehri Dam, before according approval to the implementation of Tehri Dam and Hydro-electric Power Project (1000 MW) in March, 1994.

In view of the continuing concern relating to seismic safety of the Tehri Dam, a Group of Experts was constituted in June, 1996 to further examine the issue of seismic safety of Tehri Dam. This Group in its report concluded that the design of the dam was safe to withstand the Maximum Credible Earthquake.

However, in the wake of Bhuj earthquake of January, 2001, the Government have constituted a Committee headed by Minister of